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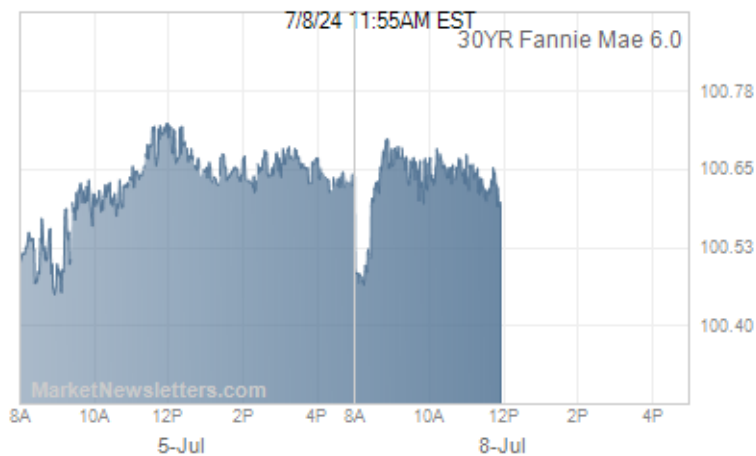
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ALERT: Approaching Negative Reprice Risk for Some Lenders

- Fannie 3.0s down 7 ticks on the day with 4 ticks (.125) from some rate sheet print times
- Lenders who priced before the highs (near 10-1015am) are at relatively no risk
- Still, the trend is not our friend at the moment

It's been a volatile morning for bonds, but inside a fairly narrow range. The timing of the volatility may catch a lender or two off guard as some of the later lenders put out rate sheets near the highest prices. Fannie 3.0s are down 4 ticks from the time that those rate sheets came out (10am-1015am).

On a more qualitative note, bonds simply look like they're under pressure here--bouncing in line with yesterday's high yields and moving higher with stocks and oil. The afternoon's 10yr auction doesn't advocate any speculative buying either. Bottom line: negative reprices couldn't be ruled out completely for a few lenders. Risks would be more pronounced if we lose another few ticks (Fannie 3.0s in the 101-28 area).



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MBS & Treasury Market Data

| | Price / Yield | Change |
|----------------|---------------|---------|
| MBS UMBS 6.0 | 100.63 | +0.02 |
| MBS GNMA 6.0 | 100.80 | +0.06 |
| 10 YR Treasury | 4.2866 | +0.0048 |
| 30 YR Treasury | 4.4759 | -0.0098 |

Pricing as of: 7/8 11:55AM EST

Average Mortgage Rates

| | Rate | Change | Points |
|--|------|--------|--------|
|--|------|--------|--------|

Mortgage News Daily

| | | | |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 7.01% | -0.02 | 0.00 |
| 15 Yr. Fixed | 6.41% | -0.03 | 0.00 |
| 30 Yr. FHA | 6.48% | -0.02 | 0.00 |
| 30 Yr. Jumbo | 7.22% | -0.02 | 0.00 |
| 5/1 ARM | 7.03% | -0.02 | 0.00 |

Freddie Mac

| | | | |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 6.95% | +0.09 | 0.00 |
| 15 Yr. Fixed | 6.25% | +0.09 | 0.00 |

Mortgage Bankers Assoc.

| | | | |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 7.03% | +0.09 | 0.62 |
| 15 Yr. Fixed | 6.56% | +0.09 | 0.54 |
| 30 Yr. FHA | 6.90% | +0.11 | 0.95 |
| 30 Yr. Jumbo | 7.11% | -0.01 | 0.50 |
| 5/1 ARM | 6.38% | +0.11 | 0.54 |

Rates as of: 7/8

Expert Advice | Exceptional Service | Flawless Execution

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

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